

THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
November 14, 2018

Present:

Treasurer Young Boozer, Chair
Mr. Marc Green for Dr. David Bronner
Mr. Robert Bradley
Ms. Sara Calhoun for Mr. Jimmy Baker
Dr. James Purcell
Ms. Michelle Granberry
Mr. Tommy Dismukes
Ms. Patti Lambert
Mr. Kelly Butler
Dr. Ken Tucker

Absent:

Rep. Bill Poole
Sen. Trip Pittman
Mr. Clinton Carter
Mr. Sandy Hammer
Gen. Paul Hankins
Ms. Maria Campbell

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. Dan Sherman, Sherman Actuarial Services
Mr. John McMillan, Treasurer Elect
Ms. Kayla Bankston, PACT Staff

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on November 14, 2018. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

Roll was taken with a quorum present.

Chair Boozer introduced Treasurer elect John McMillan and PACT staff member Kayla Bankston.

Chair Boozer presented the minutes of the August 8, 2018 board meeting. A motion for approval of the minutes as presented was made by Dr. Purcell, seconded by Dr. Tucker, with unanimous approval.

Chair Boozer asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the budget for fiscal year end 2018 and fiscal year 2019. She discussed tuition payments and stated the program paid out benefits in the amount of \$5.2 million to 2,145 students from July 1 through September 30. She stated since the program administration conversion to Libera, all system functions are running as expected and the staff is experiencing excellent customer service with the new administrator. A transfer from the Education Trust Fund in the amount of \$15 million was received on 7/09/18. The report was received as informational.

Chair Boozer presented the quarterly investment report. He discussed the performance of the portfolio versus the benchmark and said the portfolio earned .43% for the quarter and .50% year to date and outperformed the benchmark by .09% on both. The report was received as informational.

Chair Boozer called on Dan Sherman with Sherman Actuarial Services to present the annual actuarial report. He stated the asset value as of 9/30/18 was \$99,190,043 and the number of active accounts was 16,073. Mr. Sherman discussed the funded ratio and noted it had increased from 115.5% as of 9/30/17 to 120.2% as of 9/30/18. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032 highlighting the EOY assets for the year 2023 had increased to \$23.6 million since the last board meeting. The report was received as informational.

Chair Boozer presented a memo outlining proposed updates to the Investment Policy and Guidelines Statement as well as a copy of the Statement with the updates included. He stated the updates include an addition of Section 8 (Transition) which fully transitions the current benchmark from the Bloomberg Barclays 1-3 Year Government/Credit Index to the Bloomberg Barclays 1-3 Year Government Index by the year 2023. As stated in the memo, a gradual transition will allow management of non-government securities for the best benefit to the portfolio. A motion to approve the updates to the Investment Policy and Guidelines Statement was made by Dr. Purcell, seconded by Mr. Bradley, with unanimous approval.

Chair Boozer discussed an article written by Mike Cason and published in AL.com on 10/30/18 regarding PACT. He stated that it is a fair recap of the PACT history. The article was received as informational.

Chair Boozer noted the 2019 Board meeting dates.

Chair Boozer closed the meeting saying that he started his first meeting with an airplane analogy and he would be closing his last meeting with the same. He said, "In the past eight years we have stayed the course, avoided turbulent weather, the load has been lightened and we have generated some lift. Twenty-four thousand have reached their destination and those on board will too thanks to the current and past crews. You have earned your wings. From this pilot's seat, I can see graduation from here."

There being no further business to be discussed, a motion to adjourn was made by Mr. Bradley, seconded by Ms. Lambert, with unanimous approval. The meeting adjourned at 1:34 p.m.

Anita Kelley, Director

John McMillan, Chair